

REMARKS

Reconsideration and allowance are respectfully requested.

A substitute specification and marked up copy of the specification are submitted.

Changes were made to improve the formatting, grammar, and readability. No new matter is believed to have been added. Entry and approval are requested.

Claim 7 is canceled so that the rejection under 35 U.S.C. §112, second paragraph is moot.

Most of the claims stand rejected under 35 U.S.C. §103 as allegedly being unpatentable based on Althoff, Dembo, and Lee. This rejection is respectfully traversed.

The claims are directed to organizing financial instruments in a Centralized Securities Depository (CSD)-system in a hierarchic multi-level structure. The financial instruments are defined by assigning them attributes. In the hierarchic multi-level structure, a link is created between a first instrument/template on a first level in the hierarchy and instruments on a second, lower level in the hierarchy. The link means that all of the attributes in the instruments on the second level are also included in the linked instrument. As a result, any amendment to an attribute in a higher level instrument also amends the same attribute in lower level instruments linked to the higher level instrument. In this way, a large number of instruments in a CSD may be easily updated simply by amending the highest level common to the instruments which are to be amended.

Althoff is directed to an integrated relational/objected-oriented database and to a system/method for easily querying a multidimensional database using meta-data describing each dimension as a hierarchy. In other words, Althoff wants to structure data so that it will be easy to search for specific objects in multiple dimensions.

The office action alleges that Althoff describes a hierarchic multi-level structure for instruments. Applicants disagree. In fact, Althoff is not even directed to the financial area. As a result, Althoff fails to describe attributes related to financial instruments and templates for financial instruments. In contrast to Althoff's data structure that is easy to search for specific objects in multiple dimensions, the claimed multi-level hierarchic structure permits easy creation and amendment financial instruments and/or templates of financial instruments in the context of a CSD.

As admitted by the Examiner, Althoff does not disclose a CSD system or attribute-defined instruments which can be traded. For the latter feature, the Examiner relies on Dembo ('981). Like Althoff, Dembo also does not teach a CSD system. Dembo describes a method for compressing different types of financial instruments into "compressed portfolios" for a given target portfolio of financial instruments for risk management purposes. Examples of the attributes described at columns 9 and 10 of Dembo relate to risk management include "the legal entities that were the counterparties in the associated transactions," and "the jurisdictions where the transactions were booked." But there is no teaching in Dembo that relates to an improved CSD system or to using a multilevel hierarchic structure of financial instruments in a portfolio where the attributes of certain ones of the financial instruments are linked across levels.

The Examiner asserts "It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the method/system of Althoff by instruments which can be traded within the system, where the instruments are given attributes which define the instruments of Dembo in order to provide sufficient computational efficiency to permit accurate risk measurement to be completed in a reasonable time period regardless of the size and/or complexity of the model portfolio (Dembo: col. 3, lines 3-7)." Althoff is not even related to the

financial industry. Why would a person of ordinary in the skill want to modify Althoff? Indeed, what does the Examiner propose in Althoff would actually be modified “to permit accurate risk measurement to be completed in a reasonable time period regardless of the size and/or complexity of the model portfolio?” Althoff does not describe financial instruments or financial portfolios.

The Examiner admits that both Althoff and Dembo fail to teach a CSD system and turns to Geer ('778). Geer describes expediting the check clearing and coordinating the same with invoice processing at the point of receipt. It is not clear how the Examiner believes that Geer teaches a CSD system or a CSD system for organizing financial instruments in a hierarchic multi-level structure. As Geer explains at col. 1, lines 18-24: “The present invention relates to a system for expedited processing of checks and cash items received by a payee with an accompanying payment form at an item capture facility to reduce the time within which such items are paid, or returned through the check payment system and the payees bank of first deposit, by the payor bank on which such items are drawn.” The “register” in the abstract of Geer referred to by the Examiner is simply referring to registering a deposit of money in a bank account. In contrast, a CSD-system, as explained on page 1 of the instant application, is a single place or organization—either physical or virtual—that stores a variety of different financial instruments for the benefit of those using the CSD system like issuers of financial instruments, investors, and CSD operators. A CSD system performs a variety of functions examples of which include safekeeping of securities, supporting deposit and withdrawal, dividend, interest, and principal processing, etc. Securities are stored in a CSD and cash in a bank.

The Examiner asserts: “[i]t would have been obvious to one of ordinary skill in the art at the time of the invention to have modified the method/system of Althoff in view of Dembo by

having a register of instruments of Geer in order to reduce the complexities and requirements for physical transport of financial instruments (Geer: col. 5, lines 52-54).” What is being modified in Althoff using Geer? There are no “complexities and requirements for physical transport of financial instruments” to reduce in Althoff. Althoff is primarily concerned with manufacturing component and supplier management, see e.g., col. 1, lines 39-45, and not with processing and clearing checks. If Dembo is to be modified, how does Geer’s check register “to reduce the complexities and requirements for physical transport of financial instruments” make any sense for Dembo’s system focused on risk measurement and management across a portfolio?

Accordingly, there is simply no reason for a person with ordinary skill in the art to modify Althoff with Dembo and Geer as the Examiner proposes. Accordingly, the rejection of claims 1 and 8 is improper and should be withdrawn.

In addition, Applicant disagrees with the rejection of many of the dependent claims. For example, the features of claim 3 are not disclosed in Althoff because the cited passage in Althoff fails to teach a change in an upper level results in a corresponding change in a lower level. Althoff is concerned with finding data in a database not with storing and managing financial instruments in a CSD-system. In col. 2, lines 59-61 of Althoff, the subclasses automatically inherit the linked reference to the consolidated data. The data in Althoff is consolidated to provide the user with the ability to analyze data in a multi-dimensional format. See, e.g., col. 4, lines 50-67. So an amendment in Althoff would not result in a changed subclass since the link is for searching purposes. And with respect to claims 4, 6, 11, and 13, the Examiner is forced to use a fourth reference Lea in an improper hindsight attempt to reconstruct the template features claimed. Nor does Lea remedy the many deficiencies of the three other references addressed above.

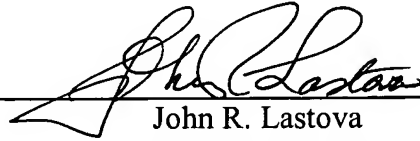
ERIKSSON
Appl. No. 10/601,199
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The application is in condition for allowance. An early notice to that effect is requested.

Respectfully submitted,

NIXON & VANDERHYE P.C.

By:

A handwritten signature in black ink, appearing to read "John R. Lastova", is written over a horizontal line.

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